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Economic Growth and Governance Initiative (EGGI)

The Economic Growth and Governance Initiative (EGGI) was awarded on August 15, 2009 to Bearing Point/Deloitte to strengthen the Government of Afghanistan's capacity to develop and implement economic and regulatory policy, and improve the enabling environment for the private sector to flourish. This will be accomplished through support for economic cabinet-level decision making and enabling environment reforms in key provincial economic centers; strengthened financial sector regulatory capacity and increased access to financial services; enhanced public-private dialogue to prioritize and implement key reforms that will enable Afghanistan's private sector to generate jobs, investment, and broad-based economic growth. As a whole, it will address many of the constraints to the ease of doing business outlined in the **2009 World Bank Doing Business Report**. The program will support ministries in Kabul and implementation in the provinces through four primary components:

1. National and Regional Economic Policy: EGGI will provide advisory support to the Minister of Finance, Chief Economic Advisor to the President (CEAP), and other senior officials involved in economic policy issues and willing to serve as "Champions" for private-sector economic reforms. The program will support macroeconomic analysis and forecasting, compliance with IMF benchmarks, rationalization of non-tax revenues, support for ANDS implementation, support for economic strategies and investment decisions at Regional Commands (RCs) (*see component 4*) to foster improved economic policy planning and implementation at the national and regional levels.

2. Financial Sector Strengthening: EGGI will continue work with Da Afghanistan Central Bank (DAB) to conduct monetary policy, strengthen prudential supervision, encourage expansion of financial sector branch networks outside Kabul, and help to build capacity of the commercial banking sector. The project will improve financial data collection both nationally and regionally to improve access to economic information, and support the DAB to implement its Five Year strategy. USAID support to DAB supervision will complement US Treasury's Anti-Money Laundering / Counter Finance Terrorism (AML/CFT) efforts and World Bank's info technology at DAB.

3. Business Enabling Environment: EGGI will improve the business enabling environment to attract investment and spur economic growth, ensuring consultation with the private sector and adoption and implementation of improved policies and laws at national and sub-national levels. EGGI will help expand the Afghanistan Central Business Registry (ACBR); reform business licensing with UK DFID and Ministry of Commerce; improve Afghanistan's commercial law framework and provide training on new commercial laws; and enhance the regulatory environment for key sectors such as energy, insurance, telecommunications, and mining to attract investment and expand services. EGGI will also work with Parliament to strengthen its ability to debate economic policy, promote enabling environment legislation, and interact with the executive branch on economic issues.

4. Sub-national Implementation & Civ-Mil Acceleration: EGGI will support the implementation of existing economic strategies (including ANDS) by direct assistance to the Regional Commands (RCs) at the provincial and district levels in cooperation with Provincial Reconstruction Teams (PRTs) and civilian support. EGGI expat and local advisors will provide on-site mentoring and accelerate the fulfillment of basic government services by linking sub-national community requirements to existing resources (including Commander Emergency Relief Program (CERP) funds and GIROA programs).

Equally important as putting the right policies in place will be the process for getting there. EGGI will work through Afghan institutions and encourage greater participation by the private sector into government policy formulation and business process reforms to stimulate growth of a private-sector led market economy. Measurable progress will be achieved through Afghanistan's significant improvement according the World Bank's *Doing Business Indicators*; additional growth and investment in key sectors with enhanced regulation; and direct and indirect jobs created due to an improved environment for private sector development. Total project value: \$92 million over five years.